

Matthew Todd

Hi. My name is Matthew Todd, and welcome to Inside the scale up. This is the podcast for founders, executives in tech, looking to make an impact and learn from their peers within the tech business, we lift the lid on tech businesses, interviewing leaders and following their journey from startup to scale up and beyond covering everything from developing product market fit, funding and fundraising models to value proposition structure and growth marketing.

We learn from their journey so that you can understand how they really work, the failures, the successes, the lessons along the way, so that you can take their learnings and apply them within your own startup or scale up and join the ever growing list of high growth UK SaaS businesses.

Matthew Todd

Hey, welcome back to the podcast pleased today to be joined by Nisheeth Pathak, Founder, CEO ofWeSoar.ai. Great to have you here today.

Nisheeth Pathak

Thanks, Matt. Very nice to be here, too.

Matthew Todd

Looking forward to the conversation today. I think it's gonna be an interesting one. But to kick things off, I always like founders to introduce themselves and introduce their business so they can give our audience a bit of context about what it is that you're you're working on at the moment.

Nisheeth Pathak

My background is quite varied. I am technically qualified to be a founder because I'm an engineering dropout. So I did drop out of engineering. After three weeks, I realize it wasn't the right profession for me to be in, went on to study and become a chartered accountant. I studied accounting and taxation for two and a half years, didn't like it, and moved on. That was in the late 90s when the.com boom was going on.

Something caught my attention, which was basically about the valuation of companies. I was growing up in India, which was booming in the late 90s. I was looking at the stock market very keenly. I saw that there was a company called Tata Steel, which is part of the famous data conglomerate and there was TCS or the Tata Consulting Services, which is a software firm. TCS was valued multiple times Tata Steel. I said, that's not what they teach us in accounting.

In accounting. It's all about assets, which is your plant and machinery and all the tangible stuff. So what is it that is leading to this insane difference in valuation, and as I kind of read more about it, in my late teens, early 20s, I figured out it was something called people. That's where my interest in that area arose. And I ended up doing an MBA in HR. I've stayed on in HR since then, work in a blue chip organizations like Nestle, HSBC did a consulting statement with with eon in rewards consulting, and then moved to the Middle East where I worked with three banks. Then about four years ago, I tell people, it was my midlife crisis, which is where I started questioning what we do and why we do and

why hasn't HR changed? That's where I decided to address that through technology. That's basically how WeSoar came up.

Matthew Todd

Yeah, I've seen an interesting journey, experience and career in the HR sector. So when you say that, you know, HR hadn't really changed, things haven't moved on, what were some of the things that you were kind of seeing as a frustration at that time.

Nisheeth Pathak

Right. So HR is a very slow moving field, right. So there are some areas in HR which have kind of caught on, predominantly, if I were to say, diversity and inclusion and well being but other than this, the core of HR as we look at it, the way recruitment happens, the way people are assessed the way employee appraisals happen. Even the way employee surveys run, there hasn't been much of a change. So most of these processes were set up in the post world war two era, primarily from the US Army. They were good for a command and control kind of a system.

But that's not how we work. We work as a network of networks within an organization. And people don't just go up and down the hierarchy. They work across hierarchies. They collaborate with each other. And that's where things like performance management, for example, absolutely come crashing down. Because in most of the organization's performance management is still a contract between employee and manager. There's nothing else beyond that. So there were a lot of these things that we wanted to change.

I started changing a lot of these things in my last corporate role, which was with commercial bank of Dubai. Unfortunately, technology led us down, because there wasn't enough enablement that I could find through technology. Most of the things were being done offline and excel sheets, you know, how it works with most of the places. So that's how it was and that's where the need to kind of have the right technology behind some of these processes came up.

Matthew Todd

What were some of those processes? What did they look like that you had to resort back to Excel to try and implement.

Nisheeth Pathak

So I'll give you some specific examples. So performance management, typically is defined by a goal setting process, then you come back after six months, typically do a media check. Then at the end of the year, you fill out the form, you assigned the rating, most of the times you're frustrated by the rating, because you're expecting something else. There's a bell curve and all of these kinds of things.

In real life, there is a lot that goes on in between these phases, which basically corresponds to performance planning. Right? So it's not enough for me to state in my goal sheet that I will do revenues of \$10 million. The question is, how will I get there? What are the milestones? What are the stepping stones building blocks in order to get there? Whose support do I need, because there is interdependence at work, right? So I can't do a lot of it, just by myself, I need other people to enable

me. So that is performance planning, which is missing in most of the software, there is interdependence, which is absolutely completely missing in literally all software out there.

Matthew Todd

Absolutely. I've seen firsthand that missing gap with interdependence, thinking back to previous life as an employee, working alongside people, I've seen all sorts of those systems implemented. Managers struggle to even help you set goals that are relevant for more than the day that they're written on. But certainly, they're very individualized, never account for any kind of team interdependencies, as far as I've seen, at least.

Nisheeth Pathak

But that's not how we work. So there is a big gap between the actual way we work and how performance gets measured. In fact, at most what will happen in some organizations, they will have a competency based rating, or a values based rating and teamwork or collaboration, in some shape or form could come in there, that doesn't determine at the end of the day, the bonus that I get.

In financial services in banks, for example, bonuses are a big deal. If you have to defend a bonus decision, or if you have to make it clear, and if you have to make it less objective, you need to get these things sorted out. So obviously, you need to have a strong process behind it. It is not just about the process, but also about how we do it.

So if you're if you take a typical organization and how it works, people spend between six hours to two days, every year in the performance management process in terms of the time they give to the process, sometimes it's even more. Why do people spend so much time and what do they actually do in that time. They're not necessarily using it for value added activities like giving feedback coaching, or identifying what could be done better, they're spending a lot of this time trying to retrieve information. Because information sits in many different places, you have information in emails in teams, or Slack in Excel sheets in notepads in all sorts of places. Because the year-end appraisal is an important enough activity, people spent this time trying to retrieve information.

When I was in my first job, I learned something called Lean. This part of the activity is what gets defined as waste. You shouldn't be doing it. Because there is no value that you add by finding information, retrieving information and writing it down. So the way people kind of work with it is you take a very long pause. Then you'll come back and spend two days trying to write a form. Look at it this way. Performance Management is a tool. It's something to help you. I would say it's something like a treadmill, you can't have a treadmill and get on it three days in a year. So if you're using a treadmill three days a year, it's the same thing we are doing in performance management and all in all, in all organizations. It's not something that's going to make you fitter, you may just be worse off if you're using it two days in a year.

Matthew Todd

Yeah, absolutely. definitely needs to be that continual process of learning development evolution, doesn't it?

Nisheeth Pathak

Yeah. And there is a there's research which have been done by companies like Gartner, which says that only 2% of organizations globally, find the performance management process truly effective or providing outstanding value. So, if your listeners feel that all I'm saying is nonsense there possibly in the 2% of the organizations.

Matthew Todd

Definitely makes a lot of sense. But then when it comes to developing WeSoar, what was the trigger, the motivation to solve this problem through technology?

Nisheeth Pathak

So this was in my last job, I was working with the CEO and the CHR trying to run the entire technology transformation within HR. There were a few areas where we did find good tools. So for example, recruitment, we found a very good applicant tracking system.

In terms of learning we found a better than average learning management system. So we did find some good software. We were on one of the large LMS platforms, which we are partnering right now. So the core LMS was good for transactional activities as a system of record. But if you wanted something truly differentiated, then a typical off the shelf, big LMS will not be able to do that for you.

So we were looking at a best of breed solution. So a couple of areas, we found good solutions. Some areas, we were not finding the right solution. So performance management, employee engagement, were one of were two of these important areas. I went to a conference in Amsterdam called Unleash, it's one of the largest HR tech conferences globally. Basically promising my boss that I'm going to find something by the time I come back.

I saw about 25 to 30 different solutions there. What kind of struck me was either there was this legacy HCM type of model, the Oracles, the SAPs, where you have something which can be configured, but then you need to spend a couple of million dollars you need to spend one year configuring it.

Matthew Todd

Yes, absolutely.

Nisheeth Pathak

Or there were these point solutions, which were largely just the OKR version. There were lots of lots of the OKR solutions. But we were not on OKRs. We were on balanced scorecards, and you try tweaking the OPR system to a balanced scorecard. It won't work.

I had founders tell me, you should not have performance ratings in your organization. It's best practice. I would say, forget the best practice. Can your system allow me to put a rating yes or no? The answer was no.

So it was basically a system limitation being peddled as best practice. So that was the time. So I set up the company while I was still in Amsterdam. I saw the gap between configurability and ease of use. I didn't find anything that could bridge the gap.

Matthew Todd

So you were developing this whilst in that previous role. And so were you new building it just for that company?

Nisheeth Pathak

I wanted to take that out. I said, if we have a problem, there's a very good chance more people have the same problem. The initial part of thinking and shaping the product happened while I was still working. So typically, my office used to be eight o'clock to six o'clock, get back home, put the kids to sleep and get back to work. So there will be a second shift from from 9pm to about 2am or 3am every

Matthew Todd

So it's pretty full on.

Nisheeth Pathak

Yes, and it did kind of run for a full year.

Matthew Todd

Wow. That's a dedication to getting this off the ground.

Nisheeth Pathak

It's not just dedication, it's also the realization that it is not so easy to build a product. It's like, I throw my clothes into the washing machine, shut the door and switch it on. Versus I build the washing machine.

So the complexity starts kind of hitting you in the face when you actually start building a product and look at all the scenarios, all the things that can not just pass but also fail. It was intense work. It was hard work. That's how the initial part of the journey was double shifts every day of the day.

Matthew Todd

While you were doing those double shifts, was that just heads down? Build something for that duration? Are you trying to get people interested? Are you doing any kind of validation during that phase?

Nisheeth Pathak

I was I was not building the product. I was building the concept. But what that involved was very extensive discussions and opinions that I sought from multiple different personas. So it was not that I want to build this product. You my friend who's the CHR of a company, tell me what do you want? That was just one of the persona. So we looked at identifying the pain points first.

So the pain points of the CEO. The pain points of the CHRO, the employee, the manager, the performance management administrator. The system architect. So we looked at all of these different scenarios. Each role has different problem problems that they want to solve. So we had to incorporate

all of these different things into the product that we were building. A lot of this was still happening in PowerPoint.

Matthew Todd

Is that something that you felt you had to do because you were trying not just to provide a solution, but you're almost changing the way they work surely by overcoming the limitations of those flaws? As you say they were peddling their limitations as best practice. So if you're trying to start from the other end and start with best practice, how did you find those concepts, and ideas were being received.

Nisheeth Pathak

So the first early realization was that there is nothing called best practice. There is practice that is best for an organization. It depends on their circumstances and their needs at that point of time, which could change.

So the first thing was, you need to build something which is very configurable. If you're looking at the SaaS space, we shouldn't be looking at a single model. Otherwise, we are no different from the OKR providers. So it has to be extremely configurable at the backend. Yet it should not take six months or one year to implement.

That was the predominant thing and the flexibility for the client to not just change the process, but gradually go up the sophistication curve. Because a lot of organizations may not want to start with all the processes on day one. There may be a learning cycle, there may be a learning curve, and you would gradually add on the sophistication over a period of time. So I think the biggest realization was how do we make it as configurable as possible?

Matthew Todd

How do you balance flexibility, like the amount that can be configured, versus the ease and speed of configurability? Because it seems that those could be at opposite ends of the time spectrum. You can almost end up with something that can do anything, but like Salesforce, you need to spend 10s of 1000s of pounds, and several months and months of implementation work to actually get there.

Nisheeth Pathak

It took us a good two and a half years to fix this whole thing. What we have now it's pretty much an open challenge. Give us any process, any process under the sun in performance management, and we can configure it in less than two weeks. In most cases, we can do it in two or three days. So that's the confidence we have now with the system. You tell us what you want, and we'll get it done.

Matthew Todd

At what point then did you actually get to building the first version of the product?

Nisheeth Pathak

The first version looked very different. There were lots of changes that happened in the first version itself. So the very first version was something which was a disaster. I hired a software services company in India to develop the product for me while I was still working. So I still remember it was

mid-December 2018 when I went to the office of this company in India, and we signed the contract so that they would have developed everything. 12 weeks \$20,000 everything will be done. That's it. That's fine. That's not too bad. The product never got delivered.

So we had to basically bin whatever they had built and lost a good few thousand. But that was not the thing. We lost time. This is something I've heard from a number of founders, including those who went on to develop very successful and large organizations. Somehow we all make this mistake in the first version of the product, especially if you're outsourcing the development.

Matthew Todd

Absolutely. I've seen it a lot of times.

Nisheeth Pathak

By the time we kind of realized the extent of the mess, it was already late 2019, early 2020. We decided to set up our own company by then I was out of full-time employment and we said okay, now we've got to do it.

So we got our CTO in and we started looking for team members. By then we had already gotten to about March of 2020. Around 4th or 5th of March our first employees joined us and three weeks from there we got into lockdown.

Nisheeth Pathak

So we had 17 people in the team, none of whom had worked with each other before, except me and my co founder. So my co founder and I had worked in the previous organization for about five years together. But none of the developers, none of the QA people, none of the designers had ever worked together. They were not going to office. So we had to kind of explain a very complex product to the extent that a professional services company had failed to deliver it, to a bunch of people who had been hired, and onboarded, completely online. This was a time when this was not a common thing, right. So early 2020, you're setting up a company with 20 people? You haven't met any of them face to face?

Nisheeth Pathak

While that was coming, we also decided to pivot. We said, maybe the way people work will change over time. So we started focusing more and more on the hybrid working and the remote working elements and capabilities within the product.

So we pivoted, we came out with a with a beta version, I think in August of 2020. It was later than what we would have liked to, but given the extent of challenges, I think it was still a fairly good achievement to get it out.

Matthew Todd

Do you think actually in terms of shaping the product direction, did that do you a favor almost by forcing you into a particular direction?

Nisheeth Pathak

Absolutely. There were three straight quarters where we had zero sales. So every client, we went to said, we can't spend a single dollar. That's how bad it was. What that forced us to do was constantly still work on the product still kept getting people to see the demos, give us feedback. Basically work on those. In fact, one of those discussions basically shaped how our product is different from everything else.

So it was a small company, about 20 people who were part of the deal, and the CEO of the company said he didn't find the platform easy. I was like, What the hell, we've taken pride in building something we think is easy. Then there's this guy who says it's not easy. So we were in two minds whether to basically give up on the client. It was an early-stage client, we were making something like \$50 a month from them. So it wasn't like, if we lose them, we are going to be terribly worse off for it.

So there was a choice of kind of letting that customer go and say this is not the type of customers for whom our product is fit. We want to listen to them and say what could be done. So I said, anyway, we don't have too many customers. Let's figure out what this person wants. I asked him, so what is an easy system for you? He said WhatsApp. So I said, if I give you something that is like WhatsApp, will it work for you? And he said, Yes, that would make life much easier for me.

Based on that, one instance, we built a feature called conversations, which is our core differentiator today. Which is where the whole update doesn't have to happen at the end of the year in performance management.

People use text messaging, as you would do on Teams, or Slack or WhatsApp. Just use a hashtag, and your goal gets updated automatically. While this happens, and makes it easier for people to kind of update their goals throughout the year, we also collect tons of unstructured text, which then gets put through the machine learning and AI algorithms and we start giving sentiment meters and mood measurement and stuff like that. This is like completely missing in this view, but the end goal is for for us to start giving predictive insights to the CEO. Something that absolutely does not exist in HR.

Matthew Todd

Is this based purely on existing messaging within the organization? What kind of data are you looking at for that?

Nisheeth Pathak

Existing messaging only, and the use of hashtags? So the hashtags basically are the aggregator. So we can run enormous amounts of analytics based on what people are talking about, what is going on, so we can show organizations what are the top five or top three trending hashtags in the week.

Which basically means what are people talking about? Then basically map the activity on the ground with the corporate level strategic objective and show the gap. So we've built these things and the one year in between where we did not have much success with sales, we just kept building the product and making it better and better.

Matthew Todd

How were you funding it at that stage? Were you comfortable and confident to keep it going, you know, whilst you weren't getting their sales and getting that feedback?

Nisheeth Pathak

So we've stayed away from VC so far. Normally, we tried some kind of fundraising at some point of time. It possibly wasn't the right time, or we didn't get the right kind of VCs. But we had three angel investors who had put in a small amount, I put in pretty much 15 years of my savings into the company, my co founder put in some money as well.

So what we did was we managed to kind of keep the lights on bootstrapped. I was doing consulting assignments in the Middle East making some money to pay for salaries and stuff. It's not been easy. I wouldn't say that it's been smooth sailing. We've had to do whatever we could to basically keep the lights on. Whether it was consulting, or whether it was a small revenue that came in from clients, and in between, we had our first Enterprise Client, hopefully, we should be getting our second enterprise clients soon. It wasn't easy. But we kept moving with the conviction that we've got a winner on our hands. The only reason why we were so confident is no one we demoed to, told us why the hell did you waste two years of your life building it?

Matthew Todd

No, that's good and good to be continually having those conversations, putting it in front of people. And yeah, be willing to honestly assess whether this is viable, whether this is solving some real pain points and frustrations.

Nisheeth Pathak

We've kept our team extremely lean. So we've not kind of gone the typical SaaS startup route of building a large team and hiring lots of C-level people and just having lots of people on board. So we've stayed very, very cautious in terms of the costs that we're incurring, just because we were just conscious that we are not raising external funds. So we would rather be prudent than be sorry, at the end of it.

Matthew Todd

Yeah, no, that makes a lot of sense. In terms of, you mentioned different personas that you serve and speak to as well as different size organizations, you know, from SME up to now, enterprise, as you just mentioned, how have you approached, narrowing that focus to both kind of persona type of company and individuals within it etc?

Nisheeth Pathak

So to be very honest, we never built the product for small companies. The product was built for enterprises. But the reality of life is that no enterprise will be your first customer. Right? So we had no choice but to work with smaller companies initially. We got some very good feedback, we got some good insights about how people are using it. But none of the small companies who came on board were utilizing the application to its fullest potential.

Then as, as we kind of looked at the nature of those organizations, obviously, we realize it's a different go to market strategy, the product needs to be different. And we we're not building for the SMB space like, so as I said, my background is in HR in large enterprises. I don't know how SMBs work. I don't come from a SaaS sales background, I don't know how they work. So it's not my area of comfort. So the idea was always to scale up to the enterprise space. It was only a matter of time, when when something would click and you know, you need the first three or four good success stories. Then it's relatively easier.

Matthew Todd

Yeah, absolutely, I can see how you were certainly better able to understand their problems as well as speak to that enterprise audience in a way that actually makes sense resonates with them, and then, you know, build the products with the capabilities that they need.

Nisheeth Pathak

It takes time to be ready for the enterprise space, not just from a product feature perspective, but from a number of things that go into the overall deal. So one of the most important things for me right now when I talk to enterprise companies is information security. If you talk to SaaS companies who work in the SMB space, not too many people will mention information security as being one of their top three challenges.

But if you have to get into a large organization, a government organization or a financial services company, you've got to have that base covered. Otherwise, no one is going to even talk to you. So we've spent a lot of time and effort getting ready from the information security point of view, getting our support structure, our ticket management structure up and running. Because if you have 20,000 customers in a particular company, and they start having issues, we can't be on WhatsApp, we can't be on a call with them solving the problem. So we need a more structured approach. So we've put together the ticket management system, we've made sure that from the information security point of view our bases are covered and strong. So yeah, and these were the things we were able to do. While we were waiting for the right client to kind of turn up.

Matthew Todd

Yeah, it makes a lot of sense to definitely do require those things to be in place. And you'd certainly fail to deliver to any kind of enterprise customer if you didn't have them in place, as well, which is why they need to be so demanding about those. But yeah, I can see how that kind of research time and time taken to find the right fit enabled you to put some of those things in place.

Nisheeth Pathak

The other thing we did during this time was to build up our partner network. What we've kind of come to realize is that if you're going to a large organization, they already have an Oracle or an SAP or a Workday. So there is no, there is no reason why they would want to take a second performance management tool. That's where we've kind of differentiated the whole positioning. And we don't even call it performance management, we call it performance enablement. So we've become partners of these large companies.

They see the value we bring in with our innovation, the whole conversational elements, the AI roadmap, the hashtags that we use, and there are clients whom we go to where they are very upfront and clear. Unless you're part of the SAP ecosystem. We're not ready to talk to you. We've taken the decision to partner with them rather than even remotely attempt to replace them in even for a single module. So yeah, we are going in together.

Matthew Todd

Is that a strategy that you see yourself continuing with to be an extension of those rather than trying to disrupt them?

Nisheeth Pathak

No, always be with them. So the mindset and the philosophy is to be an open ecosystem player, we don't have any competitors, I would say we don't have any competitors, everyone is a partner. Even if even if a company sells an identical product, I could still approach them and have a discussion on how we could partner. Maybe a different geography, maybe a different segment, maybe a slightly different use case. But we always believe we are much stronger when we are together.

Matthew Todd

I see. I think that's a really interesting perspective to hold, I think a lot of founders probably would jump straight to the let's try and replace them. Let's try and displace them. But they're very embedded. They're big systems, they're expensive systems, and they're not going to throw them away.

Nisheeth Pathak

The whole point is, the moment an Oracle or an SAP would get to know that there is a small little fry somewhere who's trying to replace them, they would throw all their resources to protect their turf. The whole conversation changes when we go with them to a client saying your need is very, very different from most organizations, or you are demanding more than a typical HCM company is going to provide. And here is a very specialist firm who will meet your requirements.

So we have those partnerships with the technology companies. And we also have partnerships with consulting firms. So because in a lot of organizations, the consultants are in there first whenever they change management, or whenever there's a new CEO. So it's always good to kind of be on the radar of the consulting firms, where they know that there is a solution that exists. They just bring us in as part of the overall transformation program, where they kind of design the change management process and the change management template, and then it gets delivered through our platforms

Matthew Todd

With a platform like yours then which is positioning yourself alongside those existing products where you're introducing new capabilities, things that weren't possible before. How do you convince them to make room in the budget for this and see there is a return on that new investment?

Nisheeth Pathak

Right. Great question. So when we go into these discussions, at least now we are largely going to companies who are already facing problems and pain with the current process, Those companies who

say, we've got workday implemented, and we are very happy with it. Thank you so much, no further conversations at this stage.

But if there is a company with says, I've got a large pool of people who are without a computer system, and without an email address. They're out in the field, my current system is unable to make the best use for them in terms of how they engage with, with the HR process, we say, we've got an app, you don't need a desktop, you don't need a mobile email address, as well, we can get them to log in through their mobile phone number. And, and we can get them to start using your process in a slightly different way.

Matthew Todd

So very much offering them a better option in a combined offering to those existing pain points that are there and to evolving working practices, people being remote, etc, as well.

Nisheeth Pathak

Exactly. Some of the legacy systems have not been built to account for these changes that have happened in the last three or four years.

Matthew Todd

Going forward from this point, then, how do you see this further changing and developing? And and how are you hoping to be able to make the most of that opportunity as well?

Nisheeth Pathak

So our approach is to build a ring of talent solutions that go alongside our core HCM. Currently, the problem, one of the big problems is that companies use multiple different providers. And each one of those is siloed. So the data doesn't talk to each other, that someone can also always already counter that and say, but we have an Oracle or an SAP where everything is together. But then they are not the specialist systems.

So we need one system, for example, there are a lot of companies that have a performance management system, which is different from an engagement system, which is different from a recognition system, which is different from a skills assessment system.

But when you look at it, there is a very strong common relationship across all of these products. So wouldn't it be better if there is one talent provider who comes and creates a common platform, which then sits as a layer for talent on top of inequality, so your payroll and your time and attendance and your whatever employee of records that you want to maintain in the core that can stay? I have run HRMS systems as part of my corporate role. No one wants to change those, right? Those are big complex changes, rather leave them unchanged. But then if you layer that with a more usable layer, which is where all your value-added activities happen every day? That's what we are aiming to build.

Matthew Todd

Yeah, I think that's a very smart approach, where is clearly very, very focused on value, adding, and value creation. And therefore you get to justify your product and how it is essential.

Nisheeth Pathak

Yeah, and companies are using these products, right. So for example, take the case of workforce planning. This is an area where there is no good software in the market, literally, which can meet a lot of requirements. I have done workforce planning in Excel all my career. The only reason was, I wasn't able to find something better than 60 to 70% of my requirements. So you basically feed the system with all of that eventually extract the data in Excel and finish it off in Excel. So what's the point? Now HRMS companies do not provide workforce planning. They do not provide psychometric assessment or skill assessments. They do not provide recognition. We are building all of this, to be able to go to them and say we've got this layer, your clients are already using other providers. For each of these, why don't we go in together and make it one?

Matthew Todd

What do you think the ultimate goal of what you're building is? Do you think you will always stand as a brand alongside them or do you think ultimately you will end up being embedded in a deeper level insight in some of these big systems?

Nisheeth Pathak

I think if we do a very, very good job, but what we are building over the next two to three years, there would be some kind of strategic tie ups. So we need to prove how good the product is and how good the service is and how clients are benefiting from it. But the benefit of the ecosystem model is that your partners will at some point of time realize the value. And then it will become more strategic rather than a very tactical or very opportunistic reference system that exists. So today, it is a reference system, it's a very opportunistic reference system. We have with most of these, our client acquisition cost is zero.

It's either a consulting firm, or one of the technology companies, which comes in says here is a client, which is painful, we won't be able to customize to their requirements. Can you do it? And of course, we can do it. So it's an opportunistic referral, play right now. For us, there is no cost of client acquisition at all. And these being enterprise deals would basically just kind of help us keep improving our margins.

Matthew Todd

Yeah, in terms of advice to other founders serving the enterprise, what advice would you give anyone, you know, different sectors still developing SaaS products looking to get into the enterprise market?

Nisheeth Pathak

I think the most important thing is to be patient with the process. Because you know, a typical sales cycle is extremely long. Our first enterprise customer, took us seven months, which I believe is not too bad, we start speaking to them, no, we started speaking to them in January of last year and close the deal in August.

The second customer started talking to them in April of last year. And we are in the final stages of information security approvals. So budget for six to six to nine months, at least, as a sales cycle. Be very cautious and prepared with the demands of multiple different stakeholders. Because you're not just talking to a CEO, or the functional head and meet the requirements, you will have finance you will have

it you will have information security, you will have risk management, you'll have all sorts of stakeholders who you need to kind of satisfy before you can even get a foot in the door.

So this particular opportunity that we're currently working on, we've had a third-party risk assessment review, where we answered like 204 questions. There was information security review where we answered about 350 questions. These are complex processes, they eventually make your product much better. Because by answering to those questionnaires, you learn a lot of new things. And you know, what is it that a sophisticated client is looking for.

So do invest in the in peripheral areas, if you have a great product, but you don't have say, an ISO or a SOC 2 certification, or something that is an independent third-party validation, you won't even get a foot in the door. At most, you can run a small local pilot, but the moment you want to kind of then expand it, all of these things will come. So these are things that you need to prepare for.

The procurement process is very painful. In most cases, they ask for referrals, they ask for actual interviews. They ask for all kinds of documentation. So that's something that it helps if you can prepare for that in advance. Once you get in once you get a couple of success stories. I think the volume that comes in, justifies the time and effort it takes.

Matthew Todd

Yeah, it's definitely a more complex opportunity to get into because of the reasons and requirements you discussed. But the payoff is going to be a lot bigger, isn't it for each customer?

Nisheeth Pathak

We are talking about an average ARR of 150k USD from a single client. Now if you have to make that kind of money on the SMB space, then your funnel needs to be possibly as big as the Pacific Ocean. If you talk about say \$1,000 ARR deal. We're talking about 158 equivalent to one enterprise get to 150 closures, you basically need to start with a couple of 1000 leads and then narrow them down. It's a very different ballgame.

Matthew Todd

It is it is very different. It'd be interesting for other founders, I think, to listen to this conversation. And I encourage them to think very deliberately about where they want to be because I speak to many founders, and they say, Oh, we want to start with the SMB, then we want to get into enterprise. I said, Okay, that's great. But they almost hope to, like fall into bigger customers, by accident, and I think don't always appreciate what goes into something like that.

Nisheeth Pathak

To be very honest, for us, it is very simple that I don't understand the SMB space well enough. Yeah, at some point of time, we may scale down the product into a resort light or a resort basic kind of a product, which would be more appropriate for that segment, and then hire a person who runs the SMB business, because it's, it's an engine that needs to work. It's like when I was in HR, and I used to run recruitment, I would do the executive search. But I had a very valuable team member who used to do

the bulk-hiring. It's something where we would meet every evening and just look at the status update, but I would not want to go into that and run bulk hiring.

Matthew Todd

Yeah, you wouldn't want to be in the detail at that level.

Nisheeth Pathak

So yes, we could go into the SMB space later on. And I would possibly hope and think it would be an advantage if we can carry some good logos, before we go to the SMEs, because then that brings in that element of trust and that element of comfort, which is absolutely the other way around, if you're trying to scale up from SMB to enterprise, because the enterprise will say, who are these people? I have never heard of them?

Matthew Todd

Yeah, I imagine then with the enterprise, it really is, like, credibility is one of the biggest challenges to solve.

Nisheeth Pathak

There is always a question that gets asked, What's the largest customer that you've served? Who's your largest customer? So they always want to kind of match you as an organization against their requirements? And if they're 20,000 people, and you've only served 1000 deals a year, you're too small.

Matthew Todd

How have you been able to break that down? Is it your past experience? Is it doing pilots? How have you found a way in to break that kind of deadlock situation?

Nisheeth Pathak

So we sell in a more consultative approach, we never go to a client selling a product, we always start with what's your pain point, let's figure out if our product can solve your pain points or not. And when we get into a discussion that is detached from the product, it's a safer environment for everyone, where we are talking about a problem, and we're talking about a solution. We are not trying to push functionalities, we are not trying to push a product. This is the old kind of consulting habit that I still have, which is you have to understand what the problem is before we come up with a with a solid solution for that.

So once that problem solution, discussion takes a certain stage, we are able to tailor the application to their needs. So typically, by the time we get to the first demo, we've already configured the application to at least an 80% or 85% of the requirements. I see. So when they see something which is directly addressing their problems, the discussion is not so much about who you are or what you do, but it's about now. Okay, I can I think you understood what we wanted to say. And you've showing us something that can solve our problem and so on.

Matthew Todd

Yeah. I see. So you've basically taken a consulting approach to building trust and proving that you know, that you've listened, first of all, you've understood, secondly, and thirdly, that you have what is agreed upon to be a valid, viable-looking solution to those problems.

Nisheeth Pathak

Yeah. The idea is not to because in an enterprise space, when when I talk about say performance management, every single company where we've implemented the solution if you look at it, it looks completely different. Because the needs are different, the levels of maturity is different, their objectives are different.

So, there could be a company that says my core objective of performance management is to lead to the development of people. The whole performance process will look very different from say in a bank where I need weightages, I need ratings. I need peer reviews, eventually, because I want to connect this to a bonus pool.

Matthew Todd

I think that customization that you spoke off earlier, I can see as a definite kind of game changer in terms of enabling you to have those conversations in the first place.

Nisheeth Pathak

Yeah, and now we have the confidence that we can. The other thing is, we don't have anyone in sales in the store. We don't have a sales team. It's just me and my co founder who still if you were to call it selling, knows sales teams, we've spent \$0 on Google ads, \$0 on LinkedIn ads, no advertising at all.

Matthew Todd

Is that something that perhaps for other SaaS founders listening, if they're wanting to get into that enterprise space, would you almost say stop thinking about your products for now. Think of yourself like a consultant for now, and then try and solve their problems, and then the product can come second almost in conversation.

Nisheeth Pathak

I would strongly agree with that. Because, you know, the thing is, you may think that Coke and Pepsi make colored drink that that sweet and is fizzy. But when you go inside the two organizations, and you start looking at the culture, what is it that they're trying to do? What is their orientation towards clients? What is their orientation towards innovation? What is the orientation towards operational efficiency, you will find that they are very different. What comes in the bottle looks similar, but what goes on behind it is very different.

Matthew Todd

I think for any founders considering going into enterprise market, I certainly encourage them to listen to all of your advice that we've kind of talked to in this in this episode, because I think, yeah, approaching it, like you're the consultant, first and foremost, and then finding out if you even have a solution, and then finding out if you even have a product, that's part of that solution is going to be key to success.

But also then be prepared, as you said, with the other demands and requirements that are going to come with that and expect bigger payouts, but expect the longer cycles as well.

So thank you for, for sharing these points today. I think the founders will take a lot out of listening to this conversation. It's been really, really interesting to hear your perspective on that kind of enterprise space, but also the the HR kind of insights as well, in terms of how, you know, there's big systems legacy systems aren't addressing modeling. So thank you for, for sharing that today.

Nisheeth Pathak

Thank you.

Matthew Todd

I look forward to catching up again in, in future finding out how how things have progressed, you know, onboarding, more enterprise clients and finding out how the product has evolved over that time as well. So yeah, thank you once again, for taking the time today.

Nisheeth Pathak

Thank you so much. It was it was a pleasure being here.

Matthew Todd

Thank you for joining me on this episode of Inside the ScaelUp. Remember for the show notes and in depth resources from today's guest. You can find these on the website insidethescaleup.com. You can also leave feedback on today's episode, as well as suggest guests and companies you'd like to hear from. Thank you for listening.